## REMARKS

This Application has been carefully reviewed in light of the Office Action mailed October 22, 2003. Applicant amends independent Claims 1 and 12 to clarify certain distinguishing features already present in independent Claims 1 and 12. These amendments are not considered necessary for patentability. Applicant respectfully requests full allowance of all pending claims.

### Claims 1-39 are Allowable Over the Proposed *Aljian-Ritchken-Roden* Combination

The Examiner rejects Claims 1-39 under 35 U.S.C. § 103(a) as being unpatentable over *Purchasing Handbook* by George W. Aljian ("*Aljian*") in view of *Contingent Claims Contracting for Purchasing Decisions in Inventory Management* by Peter H. Ritchken and Charles S. Tapiero ("*Ritchken*") and in further view of U.S. Patent No. 6,247,774 to Roden et al. ("*Roden*"). Even assuming for the sake of argument that *Aljian* could be properly combined with *Ritchken* and *Roden*, the proposed *Aljian-Ritchken-Roden* combination would still fail to disclose, teach, or suggest limitations recited in Applicant's independent claims.

Applicant has previously discussed the deficiencies of *Aljian* and *Roden* with respect to Applicant's claims. Applicant notes that the Examiner cites *Ritchken* for the first time in the most recent Office Action. *Ritchken* merely discloses designing options to meet certain risk-reward preferences. (Pages 864-870). For at least the reasons discussed below, *Ritchken* fails to make up for the previously discussed deficiencies of *Aljian* and *Roden* with respect to Applicant's claims.

#### Independent Claims 1 and 19

The Examiner acknowledges that *Aljian* fails to disclose, teach, or suggest, the following limitations recited in independent Claim 1 and, in substantially similar form, in independent Claim 19:

- ***receiving at the buyer computer an indication of current buyer demand for the product***;

- ***automatically and without user input subsequent to receiving at the buyer computer the indication of current buyer demand for the product, determining at the buyer computer whether the indicated current buyer demand exceeds a maximum option quantity specified in the option contract***; and
- ***automatically and without user input subsequent to determining at the buyer computer whether the indicated current buyer demand exceeds the maximum option quantity specified in the option contract, if the indicated current buyer demand does not exceed the maximum option quantity specified in the option contract, communicating from the buyer computer to the seller computer a request to exercise at least a portion of the option based at least in part on the indicated current buyer demand.***

To make up for the fact that *Aljian* fails to disclose, teach, or suggest the first of these limitations, the Examiner asserts that *Roden* discloses ***receiving at the buyer computer an indication of current buyer demand for the product.*** Applicant reiterates that *Roden* clearly fails to disclose, teach, or suggest this limitation. Instead, as discussed in Applicant's previous Response, *Roden* merely discloses modifying, after an initial period of time, a projected forecast of demand based on a quantity of items that have been dispensed to consumers and the frequency at which those items were dispensed to consumers. (Column 10, Lines 1-7; Column 11, Lines 1-16).

To make up for the fact that *Aljian* fails to disclose, teach, or suggest the other limitations indicated above, the Examiner takes Official Notice that these limitations "are old and well known within the management of any type of contract, and in the options art in particular. Therefore, it would have been obvious to one having ordinary skill in the art to include those steps." Applicant notes that the Examiner fails to provide any explanation of the Examiner's conclusion that these certain limitations were old and well known at the time of invention and further that the Examiner fails to provide any evidence supporting this conclusion.

According to the M.P.E.P., "the notice of facts beyond the record which may be taken by the examiner must be 'capable of such instant and unquestionable demonstration as to defy dispute." M.P.E.P. ch. 2144.03(A) (Rev. 1, Feb. 2003). The M.P.E.P. continues:

> It would not be appropriate for the examiner to take official notice of facts without citing a prior art reference where the facts asserted to be well known are not capable of instant and unquestionable demonstration as being well-known. For example, assertions of technical facts in the areas of esoteric technology or specific knowledge of the prior art must always be supported by citation to some reference work recognized as standard in the pertinent art.

*Id.* (emphasis in original). Furthermore, "[i]f such notice is taken, the basis for such reasoning must be set forth explicitly. The examiner must provide specific factual findings predicated on sound technical and scientific reasoning to support his or her conclusion of common knowledge." M.P.E.P. ch. 2144.03(B) (Rev. 1, Feb. 2003). The M.P.E.P. also states that, "[i]f applicant adequately traverses the examiner's assertion of official notice, the examiner must provide documentary evidence in the next Office action if the rejection is to be maintained." M.P.E.P. ch. 2144.03(C) (Rev. 1, Feb. 2003).

Applicant respectfully submits that the Examiner cannot properly take Official Notice that the following limitations recited in independent Claim 1 and, in substantially similar form, in independent Claim 19 are "old and well known":

- ***automatically and without user input subsequent to receiving at the buyer computer the indication of current buyer demand for the product, determining at the buyer computer whether the indicated current buyer demand exceeds a maximum option quantity specified in the option contract***; and
- ***automatically and without user input subsequent to determining at the buyer computer whether the indicated current buyer demand exceeds the maximum option quantity specified in the option contract, if the indicated current buyer demand does not exceed the maximum option quantity specified in the option contract, communicating from the buyer computer to the seller computer a request to exercise at least a portion of the option based at least in part on the indicated current buyer demand.***

Applicant respectfully notes that the Examiner has asserted that these limitations were old and well known at the time of invention without "provid[ing] specific factual findings predicated on sound technical and scientific reasoning to support [the Examiner's] conclusion of common knowledge," as the M.P.E.P. requires. In addition, the Examiner's assertion that the above limitations were old and well known at the time of invention is hardly "capable of

such instant and unquestionable demonstration as to defy dispute," as the M.P.E.P. further requires. Accordingly, Applicant respectfully submits that the Examiner has improperly taken Official Notice that the above limitations were old and well known at the time of invention and respectfully requests that the Examiner withdraw the rejection of independent Claims 1 and 19. If the Examiner intends to maintains this rejection, Applicant respectfully requests that the Examiner at least provide documentary evidence that the above limitations were old and well known at the time of invention, as the Examiner asserts.

For at least these reasons, even assuming for the sake of argument that *Aljian*, *Ritchken*, and *Roden* could be combined with each other in some manner, independent Claims 1 and 19 are clearly allowable over the proposed *Aljian-Ritchken-Roden* combination. Applicant respectfully requests allowance of independent Claims 1 and 19 and all their dependent claims.

**Independent Claims 12 and 28**

The Examiner also acknowledges that *Aljian* fails to disclose, teach, or suggest the following limitations recited in independent Claim 12 and, in substantially similar form, in independent Claim 28:

- ***receiving, at the seller computer and from the buyer computer, a request to exercise at least a portion of the option based at least in part on an indication of current buyer demand for the product***;
- ***at the seller computer, automatically and without user input subsequent to receiving the request to exercise at least the portion of the option, in response to receiving the request***:
  - ***accessing the stored terms of the option contract***; and
  - ***using the stored terms of the option contract***:
    - ***determining whether an option period specified in the option contract has begun***;
    - ***if the option period has not yet begun, notifying the buyer computer that the request is premature***; and
    - ***if the option period has begun***:
      - ***determining whether the request specifies a request quantity that exceeds a maximum option quantity specified in the***

***option contract***;

- ***if the request quantity exceeds the maximum option quantity, notifying the buyer computer that the request is improper***; and
- ***if the request quantity does not exceed the maximum option quantity, storing the request for seller compliance.***

To make up for the fact that *Aljian* fails to disclose, teach, or suggest the first of these limitations, the Examiner asserts that *Ritchken* discloses ***receiving, at the seller computer and from the buyer computer, a request to exercise at least a portion of the option based at least in part on an indication of current buyer demand for the product.*** As discussed above, *Ritchken* merely discloses designing options to meet certain risk-reward preferences. Nowhere does *Ritchken* disclose, teach, or even begin to suggest this limitation of independent Claims 12 and 28.

To make up for the fact that *Aljian* fails to disclose, teach, or suggest the other limitations indicated above, the Examiner takes Official Notice that these limitations "are old and well known within the management of any type of contract, and in the options art in particular. Therefore, it would have been obvious to one having ordinary skill in the art to include those steps." Applicant notes that the Examiner fails to provide any explanation of the Examiner's conclusion that these certain limitations were old and well known at the time of invention and further that the Examiner fails to provide any evidence supporting this conclusion. As discussed above, the Examiner may not take Official Notice without meeting at least certain requirements explicitly set out in the M.P.E.P.

Applicant respectfully submits that the Examiner cannot properly take Official Notice that the following limitations recited in independent Claim 12 and, in substantially similar form, in independent Claim 28 are "old and well known":

- ***at the seller computer, automatically and without user input subsequent to receiving the request to exercise at least the portion of the option, in response to receiving the request***:
  - ***accessing the stored terms of the option contract***; and

- ***using the stored terms of the option contract***:
  - ***determining whether an option period specified in the option contract has begun***;
  - ***if the option period has not yet begun, notifying the buyer computer that the request is premature***; and
  - ***if the option period has begun***:
    - ***determining whether the request specifies a request quantity that exceeds a maximum option quantity specified in the option contract***;
    - ***if the request quantity exceeds the maximum option quantity, notifying the buyer computer that the request is improper***; and
    - ***if the request quantity does not exceed the maximum option quantity, storing the request for seller compliance***.

Applicant respectfully notes that the Examiner has asserted that these limitations were old and well known at the time of invention without "provid[ing] specific factual findings predicated on sound technical and scientific reasoning to support [the Examiner's] conclusion of common knowledge," as the M.P.E.P. requires. In addition, the Examiner's assertion that the above limitations were old and well known at the time of invention is hardly "capable of such instant and unquestionable demonstration as to defy dispute," as the M.P.E.P. further requires. Accordingly, Applicant respectfully submits that the Examiner has improperly taken Official Notice that the above limitations were old and well known at the time of invention and respectfully requests that the Examiner withdraw the rejection of independent Claims 1 and 19. If the Examiner intends to maintains this rejection, Applicant respectfully requests that the Examiner at least provide documentary evidence that the above limitations were old and well known at the time of invention, as the Examiner asserts.

For at least these reasons, even assuming for the sake of argument that *Alijan*, *Ritchken*, and *Roden* could be combined with each other in some manner, independent Claims 12 and 28 are clearly allowable over the proposed *Aljian-Ritchken-Roden* combination. Applicant respectfully requests allowance of independent Claims 12 and 28 and all their dependent claims.

## CONCLUSION

Applicant has made an earnest attempt to place this case in condition for allowance. For the foregoing reasons, and for other reasons clearly apparent, Applicant respectfully requests reconsideration and full allowance of all pending claims.

If the Examiner believes a telephone conference would advance prosecution of this case, the Examiner is invited to call Christopher W. Kennerly, attorney for Applicant, at 214.953.6812.

Applicant believes no fee is due. Nonetheless, the Commissioner is hereby authorized to charge any fee and credit any overpayment to Deposit Account No. 02-0384 of Baker Botts L.L.P.

Respectfully submitted,

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**Date:** January 21, 2004

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